



Irish Life Weekly Investment Bulletin

The week that was – WEEK 39 (ending 23/09/2016)

“I have a great relationship with the Mexican people.” – Donald Trump

“We used to say in the White House that if a place is too dangerous, too small or too poor, send the First Lady.” – Hilary Clinton

New residential property price index launched by CSO – The new Central Statistics Office index is based on stamp duty returns rather than mortgage drawdown data so includes cash transactions for the first time. Prices were up 6.7% in the year to July and 43.2% higher since 2013 after the Financial Crisis fall of 54.4%.

Fed hold U.S. rates steady but makes case for late-2016 hike – The Federal Open Market Committee (FOMC) kept interest rates unchanged but official signaled the case for a rate rise “has strengthened” and is likely in the months ahead. They reduced the number of rate rises they foresee in 2017 from three to two.

Global stock market up 1.8% on the week – The World stock market (MSCI AC World) was 1.83% higher from 16th to 23rd September as markets breathed a sigh of relief on central bank policy. Volatility fell over the week with the Chicago Board Options Exchange Volatility Index (VIX) down to 12.3 from 17 over the period.

OECD says global economy stuck in low-growth trap – The Organization for Economic Co-Operation and Development said in its interim Economic Outlook that the weak global economy will persist into 2017. It predicts GDP will rise 2.9% this year and 3.2% in 2017, saying weak global trade is the main drag on growth.

BoJ renew commitment to policy easing – The Bank of Japan said it would start targeting 10-year interest rates, committing to a new policy framework aimed at stoking inflation. They also said it would continue quantitative easing until inflation “exceeds” 2%, effectively strengthening its commitment to aggressive easing.

S&P 500 launch real-estate sector – S&P Dow Jones and MSCI officially launched a new real-estate sector - the first sector to be added since 1999. It moves stock exchange-listed Equity REITs and other listed real estate companies from the Financials sector and marks a major step in the growth and recognition of REITs.

The Story of the week: Footwear brands Ugg and Teva have teamed up to create a hybrid sandal that is half boot, half sandal, and all terrible according to social media. The new Teva x Ugg collection has many calling them the ugliest shoes ever made as “they take their place alongside jorts and jeggings as an unholy hybrid of two things that should never have come together” according to one particularly critical fashion reviewer.

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2011	2012	2013	2014	2015	2016 YTD (to 23/09)
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-8.9
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	14.3
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-4.8
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	7.6
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	6.0
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-12.0
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	10.8
MSCI AC World	-8.5	13.2	22.9	7.2	-0.7	3.4
Sovereign 10yr Bond Yields (%)	2011	2012	2013	2014	2015	2016 YTD
U.S.	1.9	1.7	3.0	2.2	2.2	1.6
German	1.8	1.4	1.9	0.5	0.6	-0.1
UK	2.0	1.9	3.0	1.9	1.9	0.7
Japan	1.0	0.7	0.7	0.3	0.2	-0.1
Ireland	8.4	4.5	3.4	1.3	1.1	0.4
Italy	7.1	4.6	4.1	2.1	1.6	1.2
Greece	31.7	12.7	8.2	9.6	7.9	8.2
Portugal	13.4	6.9	6.1	2.7	2.5	3.4
Spain	5.1	5.4	4.1	1.6	1.7	1.0
Central Bank Rates (%)	2011	2012	2013	2014	2015	2016 YTD
ECB	1	0.75	0.25	0.05	0.05	0.0
Bank of England	0.5	0.5	0.25	0.50	0.50	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
Foreign Exchange Rates	2011	2012	2013	2014	2015	2016 YTD
Euro/Dollar (€/\$)	1.30	1.31	1.37	1.21	1.09	1.12
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.87
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.29
IPD All Property Return (%)	2011	2012	2013	2014	2015	2016
Ireland	-2.4	3.1	12.7	40.1	25.0	6.3 (to end of Q2)
U.K.	8.1	2.7	10.7	17.8	13.1	2.5 (to end of Q2)
U.S.	14.5	5.3	11.4	11.2	12.1	4.1 (to end of Q2)

*Past performance is not a reliable guide to future performance